

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

March 7, 2005
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Deputy Mayor Noble and Councilmembers Chelminiak, Davidson, Degginger and Lee

ABSENT: Mayor Marshall and Councilmember Balducci

1. Executive Session

At 6:00 p.m., Deputy Mayor Noble opened the meeting and announced recess to Executive Session for approximately one hour to discuss one item of labor negotiations, one item of property acquisition, and two items of potential litigation.

The meeting resumed at 7:18 p.m. with Deputy Mayor Noble presiding.

2. Study Session

(a) Proposed Microsoft Development Agreement

City Manager Steve Sarkozy introduced Rob Odle, City of Redmond Policy Planning Manager, and Jim Stanton, Microsoft Senior Community Affairs Manager, to discuss a proposed development agreement between Microsoft and Redmond that would allow Microsoft to expand its corporate campus according to its business plan.

Mr. Stanton provided a presentation regarding the Microsoft development agreement. Microsoft currently has approximately 8 million square feet of office space in Redmond and the surrounding area. The development proposal reflects expansion in the Main and West portions (including former Eddie Bauer headquarters purchased by Microsoft) of the campus. It does not affect the Redmond West campus farther north on 148th Avenue.

Mr. Stanton said the development agreement is consistent with provisions of the Growth Management Act that allow for a tailored approach to expansion and associated mitigation measures. The planned expansion remains within the area of the environmental review

conducted as part of the Bel-Red Overlake Transportation Study (BROTS) plan. The agreement is long term, up to 20 years, to fully establish the parameters of the development and mitigation. The project includes improvements at key intersections, construction of a local freeway overpass, connection between the east and west portions of the campus (between NE 31st and NE 36th Streets), and completion of the remaining two phases of the South Overlake sewer. Transportation improvements include mitigation projects and partnering with Redmond to enhance transportation demand management activities.

Mr. Stanton feels the project will have a positive economic impact on Bellevue. Microsoft is committed to assuming 70 percent of the obligation of adding a local overpass across SR 520. Mr. Stanton acknowledged some concerns in Bellevue, including a proposed Microsoft connection to Bel-Red Road

Mr. Stanton reiterated that the development plan fits within the BROTS Environmental Impact Statement. An extensive transportation analysis has been completed and provided to both Bellevue and Redmond.

Mr. Odle explained that the Microsoft development agreement was received by the City of Redmond on January 10, 2005. Redmond staff have reviewed the proposal and feel it is consistent with previous BROTS agreements. A revised version of the agreement was submitted on February 18 and additional revisions could occur before the Redmond public hearing scheduled for March 15. This is a quasi-judicial matter before the Redmond City Council so Councilmembers cannot discuss it.

Mr. Odle reviewed BROTS land use development (baseline and growth) according to the most recent BROTS reconciliation report. He described a proposal by Nintendo to add approximately 550,000 square feet. However, pre-annexation zoning on their property limits development to 515,000 square feet. Microsoft and Nintendo are working together to coordinate keeping under the BROTS development cap. Total permitted square footage under the BROTS agreement is 15.4 million square feet. This leaves a remaining 2.6 million square feet for future development. If the Microsoft and Nintendo development agreements are implemented, a buffer of approximately 100,000 square feet will be required.

Microsoft's revised agreement submitted February 18 proposes 2,195,488 net new square footage with a holdback of 251,281 square feet. Parking of up to 8,450 net new stalls will be required. Mr. Odle noted he is using the term "net new" because some existing structures will be torn down. The 20-year agreement is not assignable to any other potential purchaser of the property. Proposed improvements include transportation demand management enhancements, storm water control, transportation projects, landscaping and buffering, water and sewer, and a NE 40th Street Design Study. The development agreement will not alter the current BROTS process. As development proposals are received, the lead city will assess the need for a SEPA (State Environmental Policy Act) traffic analysis.

Bellevue Transportation Director Goran Sparrman noted the importance of ensuring the development agreement is compatible with the BROTS II agreement.

Responding to Dr. Davidson, Mr. Stanton and Mr. Odle said they feel confident the development agreement fits within the BROTS parameters.

Mr. Lee feels Microsoft's growth will be good for the region.

Mr. Chelminiak questioned the project's approach to the neighborhood entrance at NE 30th and Bel-Red Road. Mr. Stanton said they have regular contact with Sherwood Forest residents and have been working with Bellevue transportation engineers on the road design. The traffic generated by the Microsoft proposal is less than what has been identified as the ultimate buildout under the BROTS agreement.

Mr. Sparrman said staff is committed to protecting Bellevue neighborhoods from cut-through traffic. He noted an upcoming public meeting on March 16 to review two possible project designs and develop consensus about how to manage the traffic.

Responding to Mr. Degginger, Mr. Stanton said Microsoft is interested in working with cities and the region to improve multi-modal transportation alternatives.

Responding to Dr. Davidson, Mr. Odle said property owners in the area have been notified about the Microsoft and Nintendo proposals as well as the upcoming hearing.

Deputy Mayor Noble thanked staff for their participation.

At 8:01 p.m., Deputy Mayor Noble declared a brief recess before the Regular Session.

Myrna L. Basich
City Clerk

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